

CHAPTER 3

ACCOUNTING FOR REVENUE

INTRODUCTION

This chapter provides information on the laws, approved forms, reports, and procedures used in the accounting for revenue received by state agencies. Specific instructions and examples are given for the various types of revenue transactions. Other related transactions will be summarized as well. These include refunds of expenditure, refunds of revenue, returned checks, and debit/credit memos.

DAILY DEPOSIT REQUIREMENT

Indiana Code 5-13-6-1 requires that all public funds collected by state officers shall be deposited with the Treasurer of State, or an approved depository selected by the Treasurer of State, not later than the business day following the receipt of the funds. Public funds are defined as "all fees and funds of whatever kind or character coming into the possession of any public officer by virtue of that office" (IC 5-13-4-20).

DEPOSITS WITH TREASURER OF STATE

The Treasurer of State is the receiver and custodian of all state revenue. All state departments and agencies make deposits to the Treasurer's Office, or submit records of deposits made to the credit of the treasury. State agencies do not have authority to maintain funds outside of the Auditor of State's accounting system without specific statutory authority. Cash and checks, as well as other evidence of monies received, must be deposited with the Treasurer of State not later than the next business day following receipt thereof. "Other evidence" of monies received includes, but is not limited to: bank deposit slips, bank credit memoranda, wire transfer receipts for letters of credit, and ACH or DTC Tape Totals.

In order to make deposits with the Treasurer of State, the agency must prepare a Report of Collections form. The office of the Treasurer of State will accept the money and verify that the amount of the cash, checks, deposit slips or other evidences of receipt are the exact amounts as shown on the Report of Collections. Agencies depositing directly into Treasurer of State bank accounts must put their agency number (and circle it) in the upper left hand corner of all deposit slips prior to making any deposits at the bank. This will allow the Treasurer's Office to contact the agency when they find a deposit that does not correspond to a Report of Collections. After making the deposit, the agency must forward a Report of Collection and proof of deposit to the Treasurer's Office not later than the next business day following receipt of funds. Upon verification, a document number and the date are affixed to the form. The Report of Collections is then transmitted to the Auditor of State's Office to record the accounting entry specified on the form.

Indiana Code 5-13-6-1 also states that "Deposits do not relieve any state officer from the duty of maintaining a cashbook under IC 5-13-5-1." Some type of receipting method must be utilized by each agency or department for all money received. Descriptions and procedures for the most commonly used revenue records and systems will be presented later in the chapter.

REPORT OF COLLECTIONS

The Report of Collections/Receipts (Due Treasurer of State) is a three part carbonless form, which must be completed in ink or typed. The official form must be used.

An individual Report of Collections form should be completed for each transaction type: Revenue received by the agency; Refunds of Expenditures; Revenue by Wire Transfer; and proceeds from Loans/Investments received by the agency. Specific instructions for each of these types of transactions as well as sample Reports of Collections and revenue reports from the Auditor of State will be provided later in the chapter.

A sample of the form is shown on page 3:4. Numbers have been entered on the document sections to correspond to the explanation below. The agency completes the entire form, except for item (17) which is labeled "For Treasurer Use" and (9) which is labeled "Acctg. Rule."

Accounting Entry Section

Fourteen lines have been provided for the agency to list the applicable entries to the state accounting system. Transactions can be summarized by fund/object/center or detailed further, depending upon the agency's individual requirements. An agency may combine all revenue received on one Report of Collections form, except wire transfers (electronic funds transfers), refunds of expenditures and loan or investments transactions.

The following numbers correspond to the sample form on page 3:4.

1. FUND NO. - Enter the appropriate fund number.
2. OBJECT - Enter the appropriate object number. This six digit number begins with a 4 if revenue, or a 5 if refund of expenditure, followed by the three digit code from the prior system, and ending with two zeros. [4XXX00 or 5XXX00] See the minor object list. For sale of investments the object begins with 12 followed by the appropriate code for type of investment. (see chapter 2) Repayment of loans uses an object specific for that loan and starts with 13 or 14. (see chapter 2)
3. CENTER - Enter the appropriate center number.
4. AMOUNT - The detail transaction amount within a fund/object/ center, if more than one entry is listed. If posting one detail line for a fund/object/center, the amount should be entered in the SUBTOTAL column.
5. SUBTOTAL - The subtotal is entered to the right of the last amount listed for a group of detailed fund/object/center transactions.
6. DR/CR CODE - All Report of Collection transactions will be credit transactions. Enter CR.
7. DESCRIPTION - Enter the date(s) of collection for which the form is certified. Also, enter any required reference to source information from agency records, such as receipt number series or batch numbers. The description column will not be entered into the Auditor of State's system, except the required information for Refunds of 1099 reportable expenditures and collections from loans or investments.
8. REF. NO. (Loans, Rec., Inv.) - Use for Loan/Investment type report of collections. Enter the Loan, Receivable or Investment number. Contact the Auditor's Office with any questions.

9. ACCTG. RULE - This column for the accounting rule should be left blank. The accounting system now automatically applies the appropriate rule.
10. GRAND TOTAL - The total of all transactions. This must equal the total of item (16).

Certification Section

The date for which the certification applies must be entered in the Description column [See also #7].

11. OMISSIONS - Complete if applicable.
12. NAME OF AGENCY OFFICIAL OR DESIGNEE - Signature required.
13. TITLE - Title of the authorized official or designee.
14. STATE AGENCY NAME
15. AGENCY NUMBER - Enter the three digit distributional agency number.

Monies Section

16. (a) CURRENCY - The total dollar amount of all paper bills included with the Report of Collections.
- (b) SILVER - The total amount of all coins included with the Report of Collections.
- (c) CHECKS - The total dollar amount of all checks included with the Report of Collections. (See instructions on preparing deposits.)
- (d) DEPOSITS - The total amount of all bank deposits made to the credit of the treasury, with such evidence included with the Report of Collections.
- (e) WIRE TRANSFERS - Each electronic fund transfer transaction requires a separate Report of Collection. The total amount of the wire transfer is documented on the Report of Collections.
- (f) LOCKBOX - The total amount of all lockbox account deposits included on the Report of Collections.
- (g) DEBITS - The total amount of debit memos included with the Report of Collections.
- (h) CREDITS - The total amount of credit memos included with the Report of Collections.
- (i) ACH - Each Automated Clearing House transfer requires a separate Report of Collections. The total amount is entered on this line.

TOTAL - The total dollar amount of all items included with the Report of Collections. This amount must equal the GRAND TOTAL explained as item ten above.

Report of Collection Number

17. A control number will be assigned and imprinted on the Report of Collections by the Treasurer of State's Office, along with the date submitted to the teller's cage, and the teller's initials. This number will be the document number on the appropriate activity reports prefixed with the letters RC.



REPORT OF COLLECTIONS / RECEIPT
(Due Treasurer of State)
State Form 14311 (R/7-89)
Approved by State Board of Accounts 1989.

(17)

FOR TREASURER USE

LINE NO.	FUND NO.	OBJECT	CENTER	AMOUNT	SUBTOTAL \$	DR / CR CODE	DESCRIPTION	REF. NO. (Loans, Rec., Inv.)	ACCTG. RULE
1	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
GRAND TOTAL					(10)				

I certify to the best of my knowledge and belief, the foregoing Report of Collections and Receipts due the Treasurer of State includes:

1. Total money collected (including overages on unrecorded amounts) for the date indicated;
2. All amounts for prior periods not previously deposited with the Treasurer of State; less revenue on hand and in process and less

(11)

Name of Agency Official or Designee (12)	Title (13)
State Agency Name (14)	Agency Number (15)

DISTRIBUTION: White-Auditor of State; Canary-Agency After Processing; Pink-Agency Before Processing;

Currency		
Silver		
Checks		
Deposits		
Wire Transfers		
Lock Box		
Debits		
Credits		
ACH		
TOTAL	(16)	
TREASURER OF STATE		

INSTRUCTIONS FOR PREPARING DEPOSITS WITH THE TREASURER OF STATE

Each agency has established procedures regarding the daily accumulation of receipts and processing of Report of Collections. Receipts may generally be consolidated onto one Report of Collections. **However, a separate form is required for refunds of expenditures and for each wire transfer (electronic funds transfer) or loan or investment transaction.**

Detailed instructions are given below for the preparation of deposits to be brought to the Treasurer of State's Office. An explanation of deposits by agency offices located outside the downtown Indianapolis area follows. In either case, see the recommended general procedures for preparation of a Report of Collections, as well as instructions upon receiving the agency copy and the revenue reports.

Instructions for preparing deposits with checks are as follows:

- (a) When preparing a deposit which includes both cash and checks, prepare an adding machine tape listing the checks. Prepare and attach a tape even for one check. For non-check items being deposited (currency and/or coins, deposit tickets, debit/credit memos), identify in **ink** on the bottom left side of this tape the type and dollar amount. Do not add these amounts into the check totals on the tape.
- (b) Prepare a second calculator tape and attach to the bundle or groups of checks. Do not enter any non-check items on this tape, because this tape accompanies these checks to the bank. Make each tape at least three inches long and fasten with a paper clip if the bundle is small, or a rubber band if the bundle is larger.
- (c) Large numbers of checks for the same amount should be grouped and the group total only added in the tape with a note on the tape margin describing the group. For example: 200 @ \$10.00 describing a group total of \$2,000; 185 @ \$5.00 describing a group total of \$925.00. Money orders may be grouped separately if it helps in tracking and accounting for the deposit.

Whenever a large amount of currency or change is being deposited, the agency is to use appropriate "money straps" or "wrappers" and show the name of the agency.

Fill in the deposit section in the lower right corner of the Report of Collections form. Show the amount of currency, coins, and checks. If the deposit is supported by a bank deposit ticket, show the amount of the ticket on the "Deposits" line. The total shown here must agree with the Grand Total of the top section of the Report of Collections.

If there are no checks included in the Report of Collection, run one adding machine tape of the non-check items included in the Report of Collection.

DEPOSITS BY AGENCIES OUTSIDE OF DOWNTOWN INDIANAPOLIS AREA

The Treasurer of State has established bank accounts for which agencies may directly deposit monies to the treasury, or the agency may establish a clearing account in its own name.

For agencies which deposit monies into a branch office of the depositories selected by the Treasurer, a receipt of deposit issued by the bank and a copy of the deposit slip are to be attached to the Report of Collections and forwarded to the Treasurer of State not later than the next business day following receipt of funds. The Report of Collections form has a line for entering the amount of such deposits. Again, the date the money was collected should be entered in the description column together with other references as may be used by an agency, such as receipt numbers or batch numbers.

Agencies located outside of the downtown Indianapolis area may be using bank accounts other than those of the Treasurer as a temporary depository. This facilitates compliance with the daily deposit statute as well as safeguarding revenue. Agencies using such accounts shall submit, at least monthly, a properly completed Report of Collections together with a check made payable to the Treasurer of State. The proper preparation of the Report of Collections must include the date the monies were received at the agency office in the description section. A cash receipts journal should be maintained at the agency for referencing the supporting revenue source documentation to the bank deposit and to the Report of Collections. Entry of the check number which transmitted the collections to the Treasurer may also be required.

The Treasurer of State processes the documents received from the agencies, forwarding the appropriate copies to the Auditor of State's Office. The Auditor of State will return a copy of the Report of Collections to the agency. The agency should retain a photocopy of the Report of Collections form until the official form is returned.

GENERAL PROCEDURES FOR ALL REPORTS OF COLLECTIONS

Complete the Report of Collections form. Fourteen lines have been provided for the accounting entries. Do not skip lines. Transactions can be summarized by fund/object/center or detailed as may be required for the agency records. Individual Reports of Collections must be completed for each wire transfer transaction, loan, and investment receipt. Refunds of expenditures must be compiled on a separate form from other revenue transactions. Additional information is required in the description section for refunds of expenditures that were originally 1099 reportable and for loan and investment transactions.

Each total or subtotal should be verified twice on a calculator. This includes verifying that: detail amounts total to the subtotal column, the subtotal column adds to the Grand Total listed, and the amounts entered in the deposit or monies section equal the total listed.

The Grand Total of the entries listed must equal the Total of the deposit detail section of the form [lower right section].

Enter the date(s) the monies were collected in the description column.

Have the certification signed by the authorized agency official or designee.

Make a copy of the completed Report of Collections form to retain while the original is processed.

PROCESSING OF THE REPORT OF COLLECTIONS FORM

Agency Clerk:

Take the completed Report of Collections form (3-part set must be intact) with monies (checks, cash, etc.) and adding machine tapes for the checks, or a single adding machine tape if there are no checks, to the Treasurer's Office Teller's Cage. **WAIT** at the Treasurer's Office Cage while the Treasury Clerk performs the following procedures as described below.

Note: At 3:00 p.m. each day the Treasurer's Office closes the cage for incoming transactions.

Treasurer's Office Cage:

The Treasurer's Office Cage will verify that the Report of Collections has been signed by an authorized agency official. Also, the Report of Collections will be audited for correctness and completeness by counting the cash, visual inspection, and verification of tapes to amounts entered on the form.

If the Report of Collections is received prior to an electronic funds transfer, either by wire or ACH, the Treasurer's Office will retain all copies until the transfer is received. Upon receipt of the transfer the Treasurer's Office completes the processing and delivers the stamped Report of Collections to the Auditor's Office.

The top right corner of the Report of Collections will be initialed to signify acceptance of the reported information, in particular the monies or deposit section data given in the lower right hand corner of the form.

A sequential document number and transaction date will be stamped onto the Report of Collections form in the top right section of the form labeled "For Treasurer Use". This becomes the official date and document number which will be listed on the Agency Revenue Activity Report or the Available Funds Activity Report issued by the Auditor of State.

The pink copy of the Report of Collections form is retained by the Treasurer's Office with adding machine tapes, and the deposit or deposit documentation.

Agency Clerk:

Take the stamped white and canary copies of the Report of Collections form (remaining in set) **DIRECTLY** to the Auditor of State's Office.

The Auditor's Office can mail the canary copy of the Report of Collections to the agency after the information is input into the General Ledger system or the agency clerk may wait.

Auditor of State's Office:

The Auditor of State's Office inputs the accounting entries to the fund/object/centers as listed on the stamped Report of Collections. Upon balanced entry to the General Ledger system, the Report of Collections is initialed in the upper right corner. The Auditor's Office files the white copy of the Report of Collections. The canary copy of the Report of Collections is returned to the agency representative, generally via inter-office mail.

ERROR HANDLING

If the Auditor's Office discovers an error on the Report of Collections form, the white and canary copies will be immediately returned to the Treasurer's Office. The pink copy of the Report of Collections will be pulled from the Treasurer's files and matched to the white and canary copies. The agency will be contacted for determination of the necessary adjustment. The Treasurer's Office will correct all three form copies, initialing and dating all changes. The corrected form parts will be distributed in the same manner with the white and canary copies delivered to the Auditor for processing and the corrected pink copy filed at the Treasurer of State's Office.

It is imperative that an agency devote immediate attention to the resolution of an error in the Report of Collections in order to facilitate the daily balancing of processed collections between the Treasurer and the Auditor of State.



REPORT OF COLLECTIONS / RECEIPT
(Due Treasurer of State)
State Form 14311 (R/7-89)
Approved by State Board of Accounts 1989.

FOR TREASURER USE

LINE NO.	FUND NO.	OBJECT	CENTER	AMOUNT	SUBTOTAL \$	DR / CR CODE	DESCRIPTION	REF. NO. (Loans, Rec., Inv.)	ACCTG. RULE
1	1000	421200	102560		110.22	CR			
2	2240	421100	180000		40.00	CR			
3	3010	490000	125200	9.00		CR			
4	3010	490000	125200	18.00	27.00	CR			
5	4000	490100	108160		417,206.86	CR			
6									
7									
8									
9									
10									
11									
12									
13									
14									
GRAND TOTAL					417,384.08				

I certify to the best of my knowledge and belief, the foregoing Report of Collections and Receipts due the Treasurer of State includes:

1. Total money collected (including overages on unrecorded amounts) for the date indicated;
2. All amounts for prior periods not previously deposited with the Treasurer of State; less revenue on hand and in process and less

Name of Agency Official or Designee	Title Controller
State Agency Name Department of Transportation	Agency Number 800

DISTRIBUTION: White-Auditor of State; Canary-Agency After Processing; Pink-Agency Before Processing;

Note: Revenue by Wire Transfer requires separate Report of Collections submittal, but would be completed in the same format as above.

Currency	19	00
Silver		22
Checks	417,364	86
Deposits		
Wire Transfers		
Lock Box		
Debits		
Credits		
ACH		
TOTAL	417,384	08
TREASURER OF STATE		

AGENCY PROCEDURES FOR FORMS AND REPORTS

Upon receiving the canary copy of the Report of Collections from the Auditor's Office:

- (1) Match the processed canary copy to the photocopy which had been retained by the agency during processing. Scan both comparing that the entries are identical. Any changes made to the accounting entries should be reviewed. Determine the effect of the correction on the agency accounting records. Adjustments may be necessary.
- (2) Post the Report of Collections number to the cash receipts journal, if any.
- (3) Determine that all entries on the Report of Collections were accurately posted. Trace each entry listed on the Report of Collections to the Agency Revenue Activity report or the Available Funds Activity report for each fund/center listed. A checkmark should be entered next to each line number on the Report of Collections form to indicate the observation of the accurate entry on the Agency Revenue Activity report or the Available Funds Activity Report. Alternate procedures involving timely reconciliations of agency accounting system or receipts ledger balances to the Agency Revenue Quarterly Totals report and Available Funds Activity Report may be used. Such procedures should be written and the reconciliation documented as well.
- (4) Scan the Agency Revenue Activity report and the Available Funds Activity report and compare the accounting rules listed to the center control code. The last digit of the BC [Budgetary Control] accounting rules listed should be the same as the center control code in all cases. The center control code is conveniently shown in the last line of the report heading, as the first digit of the seven digit number appearing on the right side of the report.
- (5) File the canary copy of the Report of Collections by date.
- (6) The photocopy which had been retained during processing may be recycled.

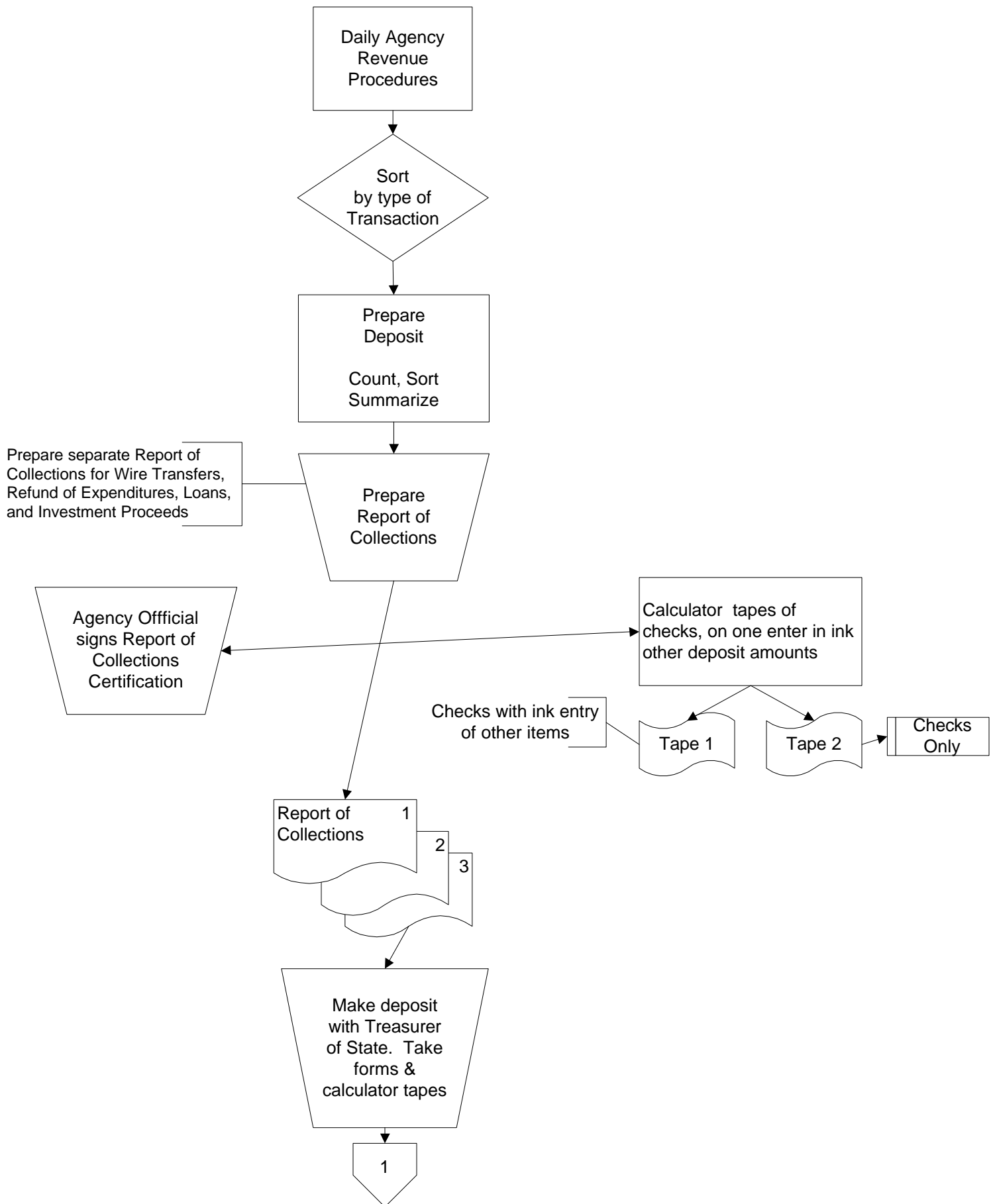
If a discrepancy or omission on the Agency Revenue Activity report or the Available Funds Activity report is discovered, the agency account manager or controller should notify the Auditor's Office Accounting Department.

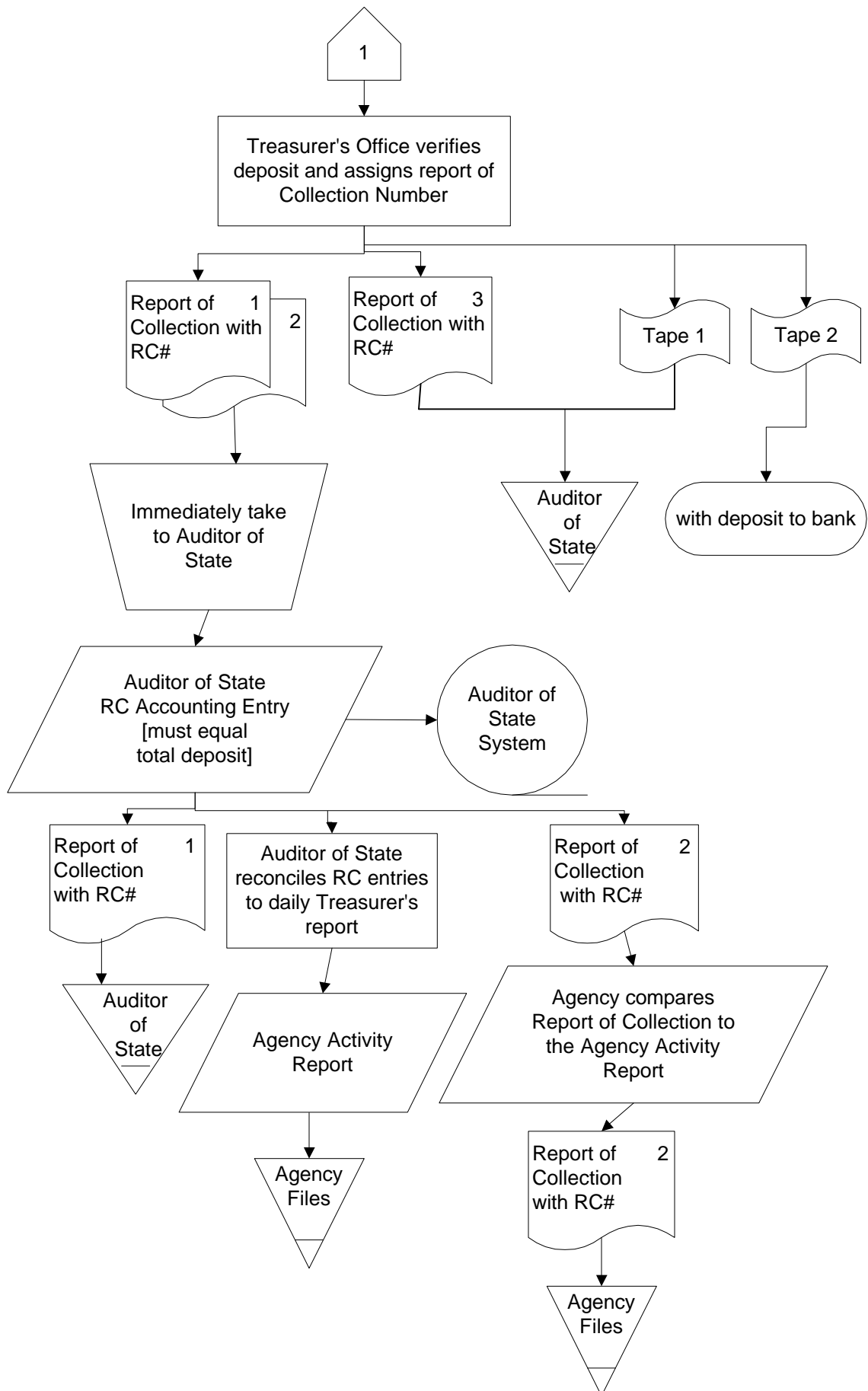
MONTHLY PROCEDURES

Each month the agency should determine that total revenues were accurately accumulated for the center. The change in the total revenue reported for each center in the Agency Revenue Quarterly Totals report must equal the total of the three columns of the Agency Revenue Activity monthly report for the center.

The agency should regularly ensure that all Report of Collections have been fully processed. The cash receipts journal should be scanned at least monthly to determine that a Report of Collections number has been posted for each batch shown. If a cash receipts journal is not utilized for a given revenue type, then scan the dates on the Report of Collections photocopies (retained during processing). Inquire into the disposition of any unprocessed after one week.

REVENUE PROCEDURES





PROCEDURES FOR COMMONLY USED REVENUE SYSTEMS

This section of the accounting for revenue chapter describes the basic structure and requirements for commonly used revenue accounting systems.

Internal Controls Requirements

Each agency, department, institution or office should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and forms of information processing are part of an internal control system.

Controls over the receipting, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. The State Board of Accounts will lend whatever assistance is necessary to any agency in developing adequate accounting and reporting systems.

Basic procedures required for all agencies include:

1. Checks should be restrictively endorsed with an endorsement stamp, immediately upon receipt. This would occur upon opening the mail or otherwise receiving the instrument.
2. Considering the materiality of collections and the size of the agency, a complete listing of collections received should be made by a person independent of the duties of processing the receipts or making deposits.
3. All receipts, licenses or other accountable items must be prenumbered or sequentially numbered by computer when issued. Documents should be used in sequential order. If the volume warrants, a separate numeric series should be used for different revenue sources.
4. Receipts should be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. Licenses, permits, etc., should be issued timely.
5. Licenses, permits, goods for sale, invoices, etc., are considered accountable items for which a corresponding deposit must be made. There is no authority for an agency to maintain an over and short fund.
6. Collections must be deposited intact. Deposits are to be made within the next business day in compliance with IC 5-13-6-1.
7. Safeguard the collections through locked drawers, cabinets or safes, particularly during breaks, lunchtime, and overnight. Cash receipts books, licenses, etc., should be inaccessible to unauthorized persons.
8. Collections and accountable items should be reconciled to the bank statements and/or Auditor of State's records.
9. The duties of collecting monies, processing the receipt, license, permit, etc., preparing and making deposits, and performing reconciliations should be segregated to the fullest extent possible considering the size of the agency and the materiality of collections.

10. Supporting documentation to support monies received must be maintained and made available for audit to provide supporting information for the validity and accountability of monies received. Documents must be filed in such a manner as to be readily accessible, or otherwise reasonably attainable, upon request during an audit.

Receipts and Accountable Forms

Some type of receipting method must be utilized for all money received. If the volume is not extremely high, the simplest and most effective method is to issue an official receipt (either prescribed or approved by the State Board of Accounts) to each person paying in money to the state agency.

In those instances where the volume of receipts justifies it, the State Board of Accounts will approve a substitute method of accounting for the revenue. The substitute method may entail the use of cash registers, the validating of documents, the use of data processing cash listings, and other accountable forms. Any system other than the issuance of prescribed cash receipt forms must have the approval of the State Board of Accounts.

The official receipt forms are consecutively prenumbered. The agency clerk must complete the form in ink. Information to be entered includes date, payee, description, and indication of cash or check payment. The official receipt forms have three copies, the original is given to the payee, the second copy is retained with the agency's Report of Collections, and the third copy remains intact in the receipt book.

All three copies of a voided receipt must remain intact in the receipt book. These may be stapled together. All copies must be defaced.

Cash Receipts Journal

In those agencies where money is received on a regular basis, some type of cash book is required per IC 5-13-5-1. The statute specifically requires daily entries of all funds received and balancing of the cash book daily to show funds on hand at the close of each day. The cash book must be so designed as to list the revenue by classification and amount in detail. It may include the receipt number or daily summaries from a source document or data processing listing. The amount deposited with the Treasurer of State must also be shown on the cash book. The process of issuing a receipt and posting the Cash Receipts Journal can be incorporated into one function. Since there is no standard cash book (also referred to as a cash receipts journal) prescribed for state agencies, all cash books or journals must be approved in writing by the State Board of Accounts.

Lockbox Systems

Lockbox systems are an efficient means of processing high-volume, repeating types of revenue transactions. Lockbox systems generally involve agency issuance of statements of amounts due. In a lockbox system the revenue is mailed directly to the financial institution by the payee. Data entry is performed by the bank using scanning devices to record information such as date, amount, and payee. The bank may reject transactions with incomplete or incorrect information. Within one business day, the bank has recorded the deposit to the treasury account and performed the data entry. The bank forwards the following items to the agency: lockbox notice of deposit, the processed documents, reports listing a count of items processed and total amount entered, rejected documents with checks attached, and the computer tape.

The lockbox revenue must be entered into the agency accounting records, which would involve classifying transactions and posting the batch totals to the cash receipts journal. The agency performs a cursory review of the processed documents. The tape is run to verify the total amount and item count of the processed revenue transactions.

The agency lists the total lockbox deposit amount on the Report of Collections and attached the notice of deposit form issued by the bank. The Report of Collections may include other revenue transactions as well. The Report of Collections will be processed in the same manner as described in the previous sections.

Transactions rejected by the bank must be resolved or returned to the payee. If resolved, then the transaction is recorded and deposited on the Report of Collections form with other monies received by the agency.

The lockbox bank accounts are established in the name of the treasury and monitored by the Treasurer of State. The bank account statement is delivered to the Treasurer.

Electronic Funds Transfer

For most agencies, the receipt of funds through electronic funds transfer are federal grant funds. An electronic funds transfer may be received through a wire transfer or through an automated clearing house (ACH) transaction. The transfer is recorded on the state accounting system to the agency's fund/object/center specified on a Report of Collections form.

Each electronic funds transfer transaction must be listed on a separate Report of Collections form. These may not be combined with other agency activity. It is important that the Report of Collections for an electronic funds transfer be completed prior to initiating the transfer. Then upon initiating the transfer, the Report of Collections should be immediately delivered to the Treasurer of State's Office.

In order to obtain the federal funds, the following procedures are necessary:

- (a) The state agency makes a request to a federal agency for funds through proper channels; the method used depends upon the agency, the method required by the federal issuing agency, and the Treasury-State Agreement, if applicable.
- (b) Upon approval, the state agency prepares a Report of Collections for the amount of the "draw". Each transfer request requires an individual Report of Collections form.

The Report of Collections must specify the fund/object/centers. The accounting rule is applied automatically so that section of the form should be left blank.

The date must be entered in the description column of the Report of Collections form. Also, list the federal grantor agency, grant number(s) and any reference to the agency accounting records as needed. Several lines of description may be used.

The amount should be entered in the deposit section as a wire transfer, unless it is specifically known to be an ACH. The total amount of the deposit section must equal the GRAND TOTAL of the accounting entries listed.

A photocopy of the completed and certified Report of Collections must be retained by the agency while the original form is processed.

A calculator tape of the deposit section is required by the Treasurer's Office, even though only one amount should be listed.

- (c) The completed Report of Collections form and the calculator tape of the deposit section must be delivered to the Treasurer's Office on the day of the request.
- (d) Upon notification from the bank that the funds have been received, the Treasurer of State will process the Report of Collections. The Treasurer will retain the pink copy and forward the other two copies to the Auditor of State's Office. The Auditor of State will post the information, file the white copy and return the agency's canary copy.
- (e) Perform the agency procedures for forms and reports as explained earlier in this chapter.

REVENUE OBJECTS

A chart which shows the composition of the revenue object is provided on the next page. All objects are six digit numbers which classify the accounting transactions. Revenue objects begin with the number 4. The second digit is the major category with the next two being the detail revenue object. The fifth digit is not used at this time and will always be a zero. The last digit is the transfer indicator and will either be a "0" [if not a transfer] or a "1" [indicates transfer]. The chart lists the major revenue categories which are identified by the second digit of the revenue object.

An object with a transfer indicator of one as the last digit becomes a unique object number, for which totals are accumulated separately within the accounting system. As such, the original amount recorded as directly received by a fund/center may be observed with transfers reported separately. This provides a basic distinction between the source or disposition of a specific revenue.

All revenue objects listed on Report of Collections forms will end with a zero as they are not transfers. The transfer revenue object is used to record revenue received by an agency issuing an interdepartmental bill. It may also be used to transfer revenue between fund/centers through a journal voucher entry.

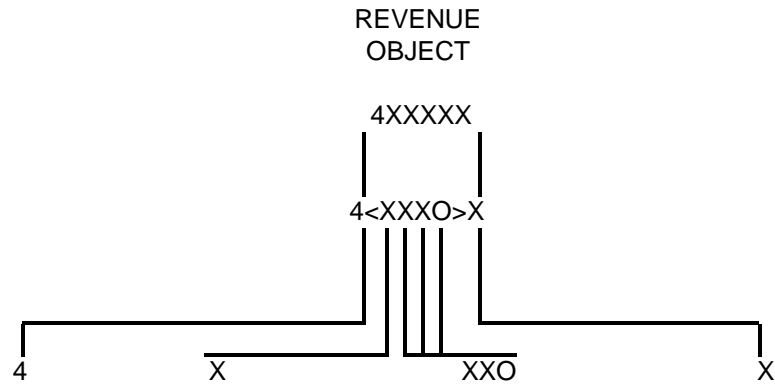
REPORTING OF REVENUE TRANSACTIONS

The accounting system for the State of Indiana, as maintained by the Auditor of State, generates daily reports of transaction detail and summary total reports for each fund/center.

Transactions recorded to revenue objects will be listed on the Agency Revenue Activity report. Revenue objects begin with the number four. The majority of the revenue transactions will be those which were listed on Reports of Collections forms. The report also includes columns for the refunds and transfers of revenue which were entered from other types of source documents, namely, claim vouchers, journal vouchers and interdepartmental bills.

The Agency Revenue Activity report is issued for each day which had transactions recorded to revenue objects. The major revenue object category totals and center totals of the revenues, refunds, and transfer transactions are provided. The totals on the report are only those of the listed transactions for the date(s) of the report.

ACCOUNT STRUCTURE DETAIL



<u>INDICATIVE CHARACTER</u>	<u>MAJOR CATEGORY</u>	<u>DETAIL</u>	<u>TRANSFER INDICATOR</u>
4	0 = Taxes	See Note	0 == > Not a Transfer
Revenue	1 = Licenses Permits Franchise		1 == > Transfer Object
	2 = Current Service Charges		
	3 = Sales		
	4 = Grants		
	5 = Transfers		
	9 = All Others		

NOTE: The detail revenue object is established by the Auditor's Office for each fund/center's revenue source. An Object List is provided in Appendix C of the Manual.

Note that not all transactions from Reports of Collections will be listed on the Agency Revenue Activity report. Refunds of expenditures are recorded as reductions of the expenditure object and will appear on the Agency Available Funds Activity report which lists all expenditure transactions. The Report of Collections document number and date will be given. Again, refunds of expenditures are accumulated on separate Report of Collections forms by the agency.

The Agency Revenue Quarterly Totals report is issued daily and provides the amount of total net revenue recorded each quarter to each revenue object for the center. The report also lists quarterly totals of revenue for each center and an agency grand total.

Report Headings

The report headings are fairly standardized for the various reports issued from the system. The headings for both revenue reports include the following information:

Line 1 INDIANA AUDITOR OF STATE
Line 2 Report ID
 Report Name
 Page Number
Line 3 Run Date and Time (system date and time)
 Posting Effective Date
Line 4 Agency Number and Name

For the Agency Revenue Activity report, Line 4 also lists the Fund/ Center Number and the Center Name. Also on Line 4 at the far right side of the report (under the page number) is a seven digit number which is composed of the following:

X - digit 1 => Fund/Center **CONTROL NUMBER**
XXX - digits 2,3,4 => Distributional Agency Number
XXX - digits 5,6,7 => Functional Agency Number
X - letter => Funds Checking Indicator, When Applicable

The fund/center control number determines the accounting rule used for all revenue transactions for the fund/center. This should be the same as the last digit of the accounting rule listed for the transactions reported for the fund/center. If a difference is observed, contact the Auditor's Office Accounting Department for error correction instructions.

Report Content - Agency Revenue Activity Report

Each transaction recorded to a revenue object will be listed in the Agency Revenue Activity report for the fund/center. An example of the report is presented on the next page. The following information is provided for each transaction listed:

<u>Column Heading</u>	<u>Description</u>
-----------------------	--------------------

EFF DATE	The effective date of the transaction. The date is MM/DD/YR format.
DOC. REF. #	Document Reference Number. This identifies the document that generated the transaction on the line. The type of document is indicated by the two letter prefix to the document number, as follows: RC - Report of Collection JV - Journal Voucher VA - Voucher Abstract ID - Interdepartment Bill
AUDIT ID	A reference number in which the transaction can be located in the Auditor's computer.
ARULE	Accounting Rule. This identifies the source system and specific accounting rule used to record the accounting entry for the transaction.
OBJECT	This is the revenue object number being posted for the transaction.
MISC. REF. #	Miscellaneous Reference Number. Not currently used.
WN. REF. #	Warrant Reference Number. This identifies the warrant number for refunds of revenue. The amount of the transaction will be classified and reported as either revenues, refunds, or transfers.
REVENUES	The amount of any revenue activity recorded to a non transfer revenue object during the period stated in the report heading.
REFUNDS	Any amounts recorded for refund of revenue activity during the period of the report.
TRANSFERS	Amounts recorded for revenue transfer objects which have a last digit of "1" to indicate transfer.

Report Totals - Agency Revenue Activity Report

POINT TOTAL	These are the totals of revenues, refunds, and transfers transactions for each major category of revenue object for the period reported.
CENTER TOTAL	These are the totals of revenues, refunds, and transfer transactions for the fund/center for the period defined in the report heading.

REPORT ID : OM-AORVDE

RUM DATE 12/31/1999 03:22:43

AGENCY 300 NATURAL RESOURCES, DEPT. OF

INDIANA AUDITOR OF STATE

AGENCY REVENUE ACTIVITY

12/01/1999 THRU 12/31/1999

FUND CENTER 1000 103000 ADMINISTRATION GENERAL

PAGE 1

3300300

EFF DATE	DOC. REF.#	AUDIT ID	ARULE	OBJECT	MISC.REF#	MM. REF.#	REVENUES	REFUNDS	TRANSFERS
12/01/1999	RC242731	*OLA002450	BC43	411000			92.00	.00	.00
12/01/1999	RC242724	*OLA002458	BC43	411100			5,500.00	.00	.00
12/02/1999	RC242873	oLBoo2?B1	BC43	411000			35.00	.00	.00
12/02/1999	RC242870	*OLB002789	BC43	411100			2,300.00	.00	.00
12/03/1999	XC242996	*OLC001450	BC43	411000			49.00	.00	.00
12/03/1999	RC242998	o OLC001454	BC43	411100			1,900.00	.00	.00
12/06/1999	RC243109	*OLF004041	BC43	411100			1,900.00	.00	.00
12/07/1999	RC243227	*OLG001710	BC43	411000			824.50	.00	.00
12/07/1999	RC243223	*OLG001729	BC43	411100			5,300.00	.00	.00
12/08/1999	RC243364	*OLH001974	BC43	411000			30.00	.00	.00
12/09/1999	RC243507	o oLxoo1791	BC43	411000			23.00	.00	.00
12/09/1999	RC243508	*OLI001805	BC43	411100			1,700.00	.00	.00
12/13/1999	RC243765	*OLM002043	BC43	411000			60.00	.00	.00
12/13/1999	RC243762	o OWOO2046	BC43	411100			6,600.00	.00	.00
12/14/1999	RC243964	o 00(001699	BC43	411000			266.00	.00	.00
12/14/1999	RC243963	*OLN001714	BC43	411100			3,400.00	.00	.00
12/15/1999	RC244067	o oLo0026B1	BC43	411000			1,230.00	.00	.00
12/15/1999	RC244062	*OLO002689	BC43	411100			1,800.00	.00	.00
12/17/1999	RC244320	*OLQ001934	BC43	411000			3,854.50	.00	.00
12/17/1999	RC244313	o 019001937	BC43	411100			4,850.00	.00	.00
12/20/1999	RC244491	*OLT002052	BC43	411000			1,710.00	.00	.00
12/20/1999	RC244490	*OLT002065	BC43	411100			2,300.00	.00	.00
12/21/1999	BC244557	*OLU001362	BC43	411000			1,127.50	.00	.00
12/21/1999	RC244554	*OLU001371	BC43	411100			3,500.00	.00	.00
12/22/1999	RC244753	*OLV001097	BC43	411000			1,860.00	.00	.00
12/22/1999	RC244749	*OLV001110	BC43	411100			500.00	.00	.00
12/27/1999	RC244924	o oEooo216e	BC43	411000			4,800.00	.00	.00
12/28/1999	RC245033	*OL1002340	BC43	411000			87.00	.00	.00
12/29/1999	RC245213	*OL2002493	BC43	411100			2,300.00	.00	.00
12/30/1999	RC245355	o oL3001997	BC43	411000			5,260.00	.00	.00
12/30/1999	RC245356	*OL3002001	BC43	433100			7,700.00	.00	.00
				POINT TOTAL			72,858.50	.00	.00
12/20/1999	RC244488	*OLT002103	BC43	421300			8,844.24	.00	.00
12/28/1999	RC245029	*OL1002423	BC43	421300			397.02	.00	.00
				POINT TOTAL			9,241.26	.00	.00
12/08/1999	RC243367	*OLH002015	BC43	490000			37.25	.00	.00
				POINT TOTAL			37.25	.00	.00
				CENTER TOTAL			82,137.01	.00	.00

Report Content - Agency Revenue Quarterly Totals Report

This report accumulates the total amount recorded to each revenue object, by fiscal quarter. The total is reported for a given object, net of refunds. Transfer objects, as identified by the last digit of "1" instead of "0", are also listed with the net total amount recorded each quarter given.

Each fiscal quarter is separately accumulated as of the date stated in the report heading. For a year-to-date total of the entries to revenue or other objects, see the Agency Object Trial Balance report [issued monthly].

A total of all revenue activity recorded to the fund/center is given for each quarter. The grand total for the agency is listed at the end of the report.

The report example is given on the next page.

REPORT ID : GL-AGREVTD
 RUN DATE 12/30/1999 19:44:24

INDIANA AUDITOR OF STATE
 AGENCY REVENUE QUARTERLY TOTALS
 AS OF 12/31/1999

PAGE

FUND	CENTER ID	OBJECT ID	QUARTER 1 ACTIVITY	QUARTER 2 ACTIVITY	QUARTER 3 ACTIVITY	QUARTER 4 ACTIVITY
1000	100220	490100	172.53	.00	.00	.00
1000	100220	490101	105.00	.00	.00	.00
			677.53	.00	.00	.00
1000	100260	496000	187,870.25	203,913.00	.00	.00
1000	100260	496500	2,724.67	2,957.44	.00	.00
			190,594.92	206,870.44	.00	.00
1000	100290	(190100	1,050.00	900.00	.00	.00
			1,050.00	900.00	.00	.00
1000	100360	490101	2,335.00	.00	.00	.00
			2,335.00	.00	.00	.00
1000	210220	490000	.00	4,180.00	.00	.00
			.00	4,180.00	.00	.00
2390	102200	490000	.00	49,996.69	.00	.00
			.00	49,996.69	.00	.00
6000	114600	491800	209,050.00	238,935.00	.00	.00
			209,050.00	238,935.00	.00	.00
6000	117400	421000	39,000.00	34,000.00	.00	.00
			39,000.00	34,000.00	.00	.00
6000	134700	490000	4,054.31	1,535.84	.00	.00
			4,054.31	1,535.84	.00	.00
6000	146600	442500	12,500.00	12,500.00	.00	.00
			12,500.00	12,500.00	.00	.00
6000	150300	440501	11,766.67	.00	.00	.00
6000	160100	446501	10,233.33	.00	.00	.00
			22,000.00	.00	.00	.00
6000	160400	421800	.00	6,000.00	.00	.00
			.00	6,000.00	.00	.00

ACCOUNTING RULES

Accounting Rule Function

Accounting rules define the accounting entry, or set of entries, which the system uses to record the transaction. Accounting rules consistently specify the accounting entry or entries made. The rules represent specific objects which will be posted automatically. The entire financial and budgetary accounting entry, therefore, does not have to be written out or reported for each transaction. For revenue received, an accounting rule specifies the entry of a debit to cash and a credit to the revenue object listed by the agency on the report of collections. Depending upon the specific rule applied, an additional accounting entry to budgetary objects may also be completed by the system.

Accounting Rule Format

The Auditor of State's daily reports of transactions for each fund/ center lists the accounting rule used to record each transaction. The format used to report the accounting rule used for each transaction is: two letters which indicate the transaction source system; followed by two numbers which indicate the specific accounting entry made. The accounting rules for revenue transactions will be those from the Budgetary Control System. These are prefixed with BC. Refunds of revenue and some revenue transfers will be from the accounts payable source system, so the accounting rule will be prefixed with an AP.

Center Control Code

The accounting system automatically assigns the accounting rules to transactions. These are assigned in accordance with the center control code. The center control codes were determined by the State Budget Agency. The control code for each center, either 3, 5, or 6, is retained within the state accounting system and is listed in the heading of several system reports, including the Agency Revenue Activity report.

The center control code determines the accounting rule used to record revenue transactions. The center control code corresponds to the last digit of the accounting rule used to record revenue transactions. For Report of Collections, or corrections of Reports of Collections on a Journal Voucher request, the following are the accounting rules:

If Center Control Code = 3 then Accounting Rule is BC 43
Revenue received will be recorded and at year end is closed to the fund.

If Center Control Code = 5 then Accounting Rule is BC 45
Revenue received will be recorded and also posted as an appropriation.

If Center Control Code = 6 then Accounting Rule is BC 46
Revenue received will be recorded and also posted as an allotment.

For a Refund of Expenditure then Accounting Rule is BC 44
The center control code is irrelevant for refunds of expenditures. This will be posted as a decrease to the expense and an increase to cash.

The accounting rule for revenue from interdepartment bills is also determined by the control code assigned to the center receiving the revenue. The entries are recorded as shown above except that the associated accounting rules are BC 23, 25, and 26, respectively. See Chapter 8 for further detail and examples of Interdepartmental Billing.

Accounting rules for refunds of revenue are from the Accounts Payable subsystem [prefixed AP]. These are determined and applied automatically by the accounting system. The last digit of the accounting rule for refunds of revenue corresponds to the center control code. The refund of revenue entries are described as follows:

Accounting Rule

- AP A3 - Refund of Revenue for center control code of 3.
- AP A5 - Refund of Revenue received and appropriated for center control code of 5.
Reduces the revenue and the appropriation.
- AP A6 - Refund of Revenue received and allotted for center control code of 6. Reduces the revenue and the allotment.

Reporting of Revenue Accounting Entries

For those centers with a control code of 3, revenue transactions only appear on the Agency Revenue Activity report.

For centers with a control code of 5, revenue transactions appear on the Agency Revenue Activity report and are also recorded to the appropriation object on the Agency Appropriation Activity report. Each report lists the same information for the transaction: the same document reference, accounting rule, date and amount. The object to which the entry was posted is necessarily different between the reports.

For centers with a control code of 6, revenue transactions appear on the Agency Revenue Activity report and are also shown as an entry to an allotment object on the Agency Available Funds Activity report.

ACCOUNTING FOR REFUNDS OF EXPENDITURE

The Report of Collections form is also used to report the refund of expenditures. Examples of refunds of expenditures include: collections of overpayments made to a vendor or contractor, payment received from the vendor for credit for defective or returned items, a rebate or other discount remitted by the vendor. Refunds of expenditure may also be collections which offset an additional agency expense which had been unanticipated by the agency's budget. An example of the latter situation is a receipt for the cost of producing and distributing certain public information requested.

A refund of expenditure can only be used if the original disbursement and the refund or collection are within the same fiscal year. It is processed as a reduction of the expenditure originally made instead of as an increase of revenue. This transaction will appear on the Agency Available Funds Activity report issued by the Auditor of State.

If the collection is not received within the same fiscal year [ending June 30] as the related expenditure, then the collection must be recorded as miscellaneous revenue. The object for miscellaneous revenue is 490000-490400.

The following determinations and procedures apply to refunds of expenditures:

1. Determine the expenditure to which the collection relates.
2. If the collection was received from the vendor, determine whether the original expenditure was 1099 reportable. If not, then enter NO circled in the description section of the Report of

Collections form. If it was 1099 reportable, then enter in the description section of the Report of Collections:

- (a) Vendor Number and
- (b) 1099 Code Identifier, Circled
 - GP Unemployment Compensation, Tax Refunds, Agricultural Payments, Taxable Grants
 - LA Proceeds from Real Estate Sales
 - MH Medical and Health Care
 - NC Nonemployee Compensation
 - PA Prizes and Awards
 - RE Rents
 - RP Pension, Annuity or Insurance Distributions
 - AC Acquisition of Secured Property
- (c) Purchase Order Number (if applicable)

3. Was the original expenditure charged to federal grant program(s), either directly or indirectly?

If YES, then reduce the associated expense charged to the federal grant on the agency's subsidiary grant accounting records. Indicate a reference to the entry made on the agency photocopy of the Report of Collections form or on an attached memo.

4. Was the collection made within the same fiscal year as the associated expenditure?

If NO, then record as miscellaneous revenue object 490000-490400.

If YES, then record as refund of expenditure. The expenditure object will be listed on the Report of Collections form.

Instructions for Report of Collections for Refunds of Expenditures

The same basic agency procedures apply to refunds of expenditures as for all collections received by the agency. Receipts should be issued and entry made to the cash receipts journal, as applicable for the agency. The statutory requirement of daily deposits also applies to these collections.

Refunds of expenditures must be accumulated on separate Report of Collection forms from other types of agency collections. However, the agency may combine all refunds of expenditure transactions onto one form.

The following instructions relate to the columns on the Report of Collections form.

Fund/Object/Center

The same fund/object/center number should be entered on the Report of Collections form as was used to record the original expenditure. The object entered for a refund of expenditure then will begin with a 5, followed by the three digit code equivalent to that of the previous system, and ending with two zeros [5XXX00].

Amount

The amount column is only used if more than one transaction is listed for the same fund/object/center. Such detail may be required if different information is needed for the description of each transaction. If posting one detail line for a fund/object/center, the amount should be entered in the SUBTOTAL column.

Subtotal

Enter the subtotal to the right of the last amount for a group of detailed fund/object/center transactions. If posting one detail line for a fund/object/center, the amount is only entered in the subtotal column.

DR/CR Code

This will always be a CR. A credit entry will reduce the expense object listed for the refund of expenditure.

Description

More than one line may be required for each transaction listed. The date(s) of the collections must be entered, as well as any support information needed for agency records such as receipt or batch numbers. The following entries are required by the Auditor of State.

If the refund of expenditure was not received from the vendor or was not 1099 reportable, then enter NO circled.

If the refund of expenditure was received from the vendor and was 1099 reportable, then enter:

(a) Vendor Number

The vendor number will begin with a zero followed by either the social security number or employer identification number. If applicable, also enter the two digit location code.

(b) The 1099 Code Identifier, Circled

GP Unemployment Compensation, Tax Refunds, Agricultural Payments, Taxable Grants
LA Proceeds from Real Estate Sales
MH Medical and Health Care
NC Nonemployee Compensation
PA Prizes and Awards
RE Rents
RP Pension, Annuity or Insurance Distributions
AC Acquisition of Secured Property

(c) Purchase Order Number (if applicable)

Reference Number

This column is not applicable to refunds of expenditure transactions. Leave blank.

Acctg. Rule

Leave blank. The system automatically applies the Accounting Rule BC 44 to refund of expenditure transactions.

Prepare the deposit and complete the certification and deposit sections of the Report of Collections in the same manner as for other collections. These procedures are explained in previous sections of this chapter.

The Report of Collections for refunds of expenditures are processed and distributed in the same manner as for other types of collections. Remember to retain a photocopy of the completed Report of Collections during processing.

System Reporting of Refunds of Expenditures

As the transaction is made to reduce the expenditure object it will not be reported on the agency revenue activity report. The refund of expenditure transaction will appear on the Agency Available Funds Activity report as a reduction of the expenditure column. The Report of Collections, RC, document number assigned by the Treasurer of State will be listed, as well as the date, object, and accounting rule BC 44.

ACCOUNTING FOR REFUNDS OF REVENUE

Basis

The agency must document the basis for making a refund of revenue. The refund may occur due to an overpayment made to the state agency or due to the agency's rejection of a transaction. Reasons for transaction rejection generally involves a failure to meet the required criteria.

Procedure

Review the agency records to determine the original deposit of the revenue to be refunded. Abstract the fund/object/center to which it was recorded, as well as the date and Report of Collections number.

Agency records should reference the original deposit and document the calculation of the overpayment or other reason for refund. The reference to the original deposit would include the Report of Collections number and date. This reference may be entered in the description column of the claim voucher form or should otherwise be retained with the agency copy of the claim.

A refund of revenue is made through a state claim voucher form. (See Chapter 5 for instructions and methods of submitting to the Auditor of State.) Record the refund of revenue to the same fund/object/ center as was originally entered on the Report of Collections. The object will necessarily begin with a 4 as it will reduce the revenue object. After completion of the claim voucher form, the claim must be signed by the authorized agency representative.

Reporting

A refund of revenue transaction will appear on the Agency Revenue Activity report in the refund column. The document reference will be the claim voucher document number. A warrant number will be listed as well. The accounting rule listed will be prefixed by an AP, for the accounts payable subsystem which processed the claim. Depending upon the center control code, an additional entry to budgetary accounts may

have been made. In that case, the transaction would also appear on another activity report to show the budget object posted. Further explanation of the accounting rules is provided in Chapter Four Budgetary Accounting.

ACCOUNTING FOR RETURNED CHECKS

When a check is returned to the Treasurer of State because of insufficient funds, the agency which received the instrument will be charged and must take necessary action to collect the amount due. The Treasurer's office prepares a claim voucher for the amount of insufficient funds and receives a warrant. The claim is recorded to the fund/center designated by the agency for use in such circumstance. A specific revenue object code has been established to record the returned check transactions, code 493000. The transaction will appear as a refund of the agency revenue activity report, thus reducing the object code 493000. The returned check together with a copy of the claim voucher is given to the state agency. The agency is then responsible for trying to collect on the returned check.

When an agency collects on a returned check, the agency submits the collection together with a new Report of Collection. The accounting entry specified must be recorded to the object code 493000, and the same fund/center as was used by the Treasurer to charge the agency for the returned check. This will cause the appropriate offset in the object 493000 balance.

ACCOUNTING FOR RETURNED WARRANTS

Many times a warrant is returned and needs to be redeposited into a fund center. This section will explain how to account for the return of various state warrants, such as the on-line warrants (peach), payroll warrants (blue), child support (rainbow), high volume and rewrites (purple), and the tax refund (red) warrants.

On-Line Returned Warrants - Peach

When this type of warrant is returned, the following procedures must be followed:

- A. Retrieve a blank copy of the Report of Returned Warrant form (State Form 46645).
- B. Write the nine digit warrant number in the column titled "Warrant Number." The warrant number is found in the upper right hand corner of the warrant, or in the upper right hand corner of the warrant stub.
- C. Next to the warrant number in the column titled "Credit Amount," write the amount of the warrant.
- D. Repeat this process if more than one warrant is being returned.
- E. Add the amounts of all the warrants, and place the total in the box titled "Grand Total." If using more than one returned warrant form, write "Continued" in the grand total box.
- F. Have an agency official sign the form in the appropriate box. (Signature stamps are not allowed.) Also, a telephone number, date, state agency name, and agency number are required. The Auditor of State's office will not process the document if the information is not provided. The box titled "Additional Information" is utilized for any other information that you feel is necessary for the prompt processing of returned warrants, such as the reason the warrants are being returned. This will be helpful to you because when the warrant is canceled, the related invoice is also canceled.

- G. Attach all warrants to the front of the Report of Returned Warrants form in the order the warrant was written on the form.
- H. Place the form and warrants in an 8 ½ by 11 inch envelope and send to the Auditor of State's Service Center (Room 234 State House).

The Help Desk personnel will process your returned warrants and mail back the yellow copy of the Report of Returned Warrants form. On your returned copy, you will notice on the right side of the form a column titled "Auditor's Use" and beneath that three smaller columns titled "Date Cleared," "Accounts Payable," and "Payroll." The date cleared column will have the date the warrant was cleared. This will be your general ledger effective date. The accounts payable column will have the control number and control date of the batch for which the invoice for this warrant was originally processed under. The payroll column will be blank.

Please be advised that all warrants processed in this section will show up on your daily activity reports as a debit to cash (object 110000) and a credit to the original expenditure (5XXXXX).

High Volume, FSSA Child Support, and Department of Revenue Refund Warrants -
Purple, Rainbow, and Red (Less Than 25 Warrants)

The high volume warrants are rather unique in their processing. The processing consists of some form of magnetic media (tape, diskette, cartridge) as a transaction input. This type of input calls for special treatment when a warrant is returned. The following procedures are to be followed when less than 25 high volume warrants are returned.

- A. Retrieve a blank copy of the Report of Returned Warrant form.
- B. Write the eight digit warrant number in the column titled "Warrant Number." The warrant number is found in the upper right hand corner of the warrant.
- C. Next to the warrant number in the column titled "Credit Amount," write the amount of the warrant.
- D. Repeat this process if more than one warrant is being returned.
- E. Add the amounts of all the warrants, and place the total in the box titled "Grand Total." If using more than one returned warrant form, write "Continued" in the grand total box.
- F. Have an agency official sign the form in the appropriate box. (Signature stamps are not allowed.) Also, a telephone number, date, state agency name, and agency number are required. The Auditor of State's office will not process the document if the information is not provided. The box titled "Additional Information" is utilized for any other information that you feel is necessary for the prompt processing of returned warrants, such as the reason the warrants are being returned. This will be helpful to you because when the warrant is canceled, the related invoice is also canceled.
- G. Attach all warrants to the front of the Report of Returned Warrants form in the order the warrant was written on the form.
- H. Place the form and warrants in an 8 ½ by 11 inch envelope and send to the Auditor of State's Service Center (Room 234 State House).

The Service Center personnel will process your returned warrants and mail back the yellow copy of the Report of Returned Warrants form. On your returned copy, you will notice on the right side of the form a column titled "Auditor's Use" and beneath that three smaller columns titled "Date Cleared," "Accounts Payable," and "Other." The date cleared column will have the date the warrant was cleared. This will be your general ledger effective date. The accounts payable and payroll columns will be blank.

When calling the Auditor's office with questions regarding a returned warrant, please be sure to reference this warrant number and date.

Please be advised that all warrants processed in this section will show up on your daily activity reports as a debit to cash (object 110000) and a credit to revenue (object 494000).

High Volume Warrants (Greater Than 25) - Purple, Rainbow and Red

If the high volume warrants returned are in numbers greater than 25, the following procedures are to be followed.

- A. Retrieve a blank copy of the Report of Returned Warrant form. The transmittal form is available from the Auditor's Service Center.
- B. Take the Report of Returned Warrant form and write across the middle in bold letters "See Transmittal Form."
- C. Go to the row titled grand total and write in the total of all returned warrants. Note: This amount must agree with the amount on the transmittal sheet.
- D. Have an agency official sign the form in the appropriate box. (Signature stamps are not allowed.) Also, a telephone number, date, state agency name, and agency number are required. The Auditor of State's office will not process the document if the information is not provided. The box titled "Additional Information" is utilized for any other information that you feel is necessary for the prompt processing of returned warrants, such as the reason the warrants are being returned. This will be helpful to you because when the warrant is canceled, the related invoice is also canceled.
- E. Next, you will need to complete a transmittal form. This is done similarly to the non-1099 high volume form. There are some exceptions: the document number will now be comprised of a prefix of RW followed by the first warrant number. Also, the Julian date will not be utilized.
- F. Attach all warrants to the front of Report of Returned Warrants form, followed by the transmittal form.
- H. Place the form and warrants in an 8 ½ by 11 inch envelope and send to the Auditor of State's Service Center.

The Service Center personnel will process your returned warrants and mail back the yellow copy of the Report of Returned Warrants form and magnetic media. On your returned copy, you will notice on the right side of the form a column titled "Auditor's Use" and beneath that three smaller columns titled "Date Cleared," "Accounts Payable," and "Other." The date cleared column will have the date the warrant was cleared. This will be your general ledger effective date. The accounts payable and payroll columns will be blank.

Please be advised that all warrants processed in this section will show up on your daily activity reports as a debit to cash (object 110000) and a credit to revenue (object 494000).

Payroll Warrants - Blue

Payroll warrants are blue in color. When this type of warrant is returned, use the following procedures:

- A. Retrieve a blank copy of the Report of Returned Warrant form.
- B. Write the eight digit warrant number in the column titled "Warrant Number." The warrant number is found in the upper right hand corner of the warrant, or in the upper right hand corner of the warrant stub.
- C. Next to the warrant number in the column titled "Credit Amount," write the amount of the warrant.
- D. Repeat this process if more than one warrant is being returned.
- E. Add the amounts of all the warrants, and place the total in the box titled "Grand Total." If using more than one returned warrant form, write "Continued" in the grand total box.
- F. Have an agency official sign the form in the appropriate box. (Signature stamps are not allowed.) Also, a telephone number, date, state agency name, and agency number are required. The Auditor of State's office will not process the document if the information is not provided. The box titled "Additional Information" is utilized for any other information that you feel is necessary for the prompt processing of returned warrants, such as the reason the warrants are being returned. This will be helpful to you because when the warrant is canceled, the related invoice is also canceled.
- G. Attach all warrants to the front of the Report of Returned Warrants form in the order the warrant was written on the form.
- H. Place the form and warrants in an 8 ½ by 11 inch envelope and send to the Auditor of State's Service Center. The Service Center will take your envelope and send it to the Auditor of State's payroll section. At this time the returned on-line warrants will not be available for processing on any type of magnetic media (cartridge, tape, or diskette).

The payroll section personnel will process your returned warrants and mail back the yellow copy of the Report of Returned Warrants form. On your returned copy, you will notice on the right side of the form a column titled "Auditor's Use" and beneath that three smaller columns titled "Date Cleared," "Accounts Payable," and "Payroll." The date cleared column will have the date the warrant was cleared. This will be your general ledger effective date. The accounts payable column will be blank. The payroll column will have the initials of the person who processed this transaction.

Please be advised that all warrants processed in this section will show up on your daily activity reports as a debit to cash (object 110000) and a credit to various employee expenditure objects (5XXXXX).

ACCOUNTING FOR DEBIT/CREDIT MEMOS

On an infrequent basis, the bank may find that an error in a deposit was made. The bank issues either a debit or credit memo to document the decrease or increase, respectively, made to the treasury account to correct the error.

Debit/credit memos returned to the Treasurer of State by the banks require special handling. The debit/credit memo and backup documentation is given to the agency. It is the agency's responsibility to review these items and determine the correcting entry to the state accounting system. The correction should be reflected on a subsequent Report of Collections. The Treasurer of State's office will provide further assistance with these.

The action taken by the agency should commensurate with the dollar amount of the memo. The agency procedures for accounting for debit and credit memos are as follows:

- Review documentation or reason reported by the bank for the debit or credit memo.
- Compare to the agency records.
- Upon agreement with bank finding, record the debit or credit memo in the cash receipts journal and other appropriate agency records.
- Determine the fund/object/center to which to record the debit or credit memo. Ordinarily this should be the same fund/object/center to which the original error had been recorded. For a debit memo, it should be recorded to a fund/object/center with current revenue transactions in order to report a net credit entry on the accounting entry section of the Report of Collections.
- Include the debit or credit memo with other revenue transactions on the Report of Collections form. The deposit section in the lower right corner of the form provides lines labeled specifically for the entry of the debit and credit memo amounts. The debit amount should be listed in brackets () to reflect the negative entry. The debit or credit memo is then remitted to the Treasurer's office with the Report of Collections and the balance of the deposit. The Report of Collections is processed and distributed in the same manner as for other collections.

OFFICIAL BONDS

Many elected and appointed public officials are required by law to furnish official bonds to cover the faithful performance of their duties. Accordingly, a bond must be executed and furnished as required by the applicable statute.

Where a bond is not required by statute and has not been determined to be needed to protect the interest of the state as authorized by IC 4-13-1-12, management should decide whether to procure a bond. Consideration should be given to the materiality of monies collected, susceptibility to theft, or other relevant factors.

Reference should be made to IC 5-4, Officers' Bonds and Oaths.